

**CITY OF ANAMOSA, IOWA**  
**INDEPENDENT AUDITOR'S REPORTS**  
**BASIC FINANCIAL STATEMENTS**  
**AND SUPPLEMENTAL INFORMATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**June 30, 2004**

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## CITY OF ANAMOSA

### Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Jon Hatcher	Mayor	January 2006
Bob Gorge	Council Member	January 2008
Dennis Hansen	Council Member	January 2006
Steve Vaca	Council Member	January 2008
Brian Harmon	Council Member	January 2008
Herb Spencer	Council Member	January 2006
Bernie Keeney	Council Member	January 2006
John Haldeman	City Administrator/City Clerk	Indefinite
Tammy Coons	Treasurer/Deputy City Clerk	Indefinite
Adrian Knuth	City Attorney	Indefinite

**CITYOFANAMOSA**

## Independent Auditor's Report

To the Honorable Mayor and  
Members of the City Council:

We have audited the accompanying financial statements of the City of Anamosa, Iowa, as of and for the year ended June 30, 2004, and the respective changes in cash basis conformity with the basis of accounting described in Note 1, these financial statements

of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the City of ,2004, which collectively comprise the City's contents. These financial statements are the Our responsibility is to express opinion on

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, Chapter 1 of the Code of Iowa, contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the City of Anamosa as of June 30, 2004, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

o above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the City of Anamosa as of June 30, 2004, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

As described in Note 10, during the year ended June 30, 2004, the City adopted Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*; Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus*; Statement No. 38, *Certain Financial Statement Note Disclosures*; and Statement No. 41, *Budgetary Comparison Schedule - Perspective Differences*.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 16, 2004 on our consideration of the City of Anamosa's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report

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Management's Discussion and Analysis and budgetary comparison information on pages 7 through 14 and 34 through 37 are not required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We applied limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the aforementioned financial statements taken as a whole. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the previous year (none of which are presented herein) and expressed unqualified opinions on those financial statements. The supplemental information included in Schedules 1 through 5, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the aforementioned financial statements and, in our opinion, is fairly stated in all material respects in relation to the aforementioned financial statements taken as a whole.

*Clifton Gunderson LLP*

Cedar Rapids, Iowa  
September 16, 2004

## **Management's Discussion and Analysis**

The City of Anamosa provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2004. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

Because the City is implementing new reporting standards for this fiscal year with significant changes in content and structure, much of the information is not easily comparable to prior years. However, in future years, comparisons will be more meaningful and will go further in explaining the City's financial position and results of operations.

### **2004 FINANCIAL HIGHLIGHTS**

- Revenue totaled \$5 million.
- Disbursement totaled \$7 million.
- The City's total cash basis net assets at fiscal year ended June 30, 2004 totaled \$5.6 million.

### **USING THIS ANNUAL REPORT**

The annual report consists of a series of financial statements and other information as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.

The Government-wide Financial Statement consists of a Statement of Activities and Net Assets. This statement provides information about the activities of the City as a whole and presents an overall view of the City's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund Financial Statements report the City's operations in more detail than the government-wide statement by providing information about the most significant funds.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the City's budget for the year.

Other Supplementary Information provides detailed information about the non-major governmental funds.

## **BASIS OF ACCOUNTING**

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on the cash basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operation of the funds in accordance with generally accepted accounting principles in the United States of America. Therefore, when reviewing the financial information and discussion within this annual report, the readers should keep in mind the limitations resulting from the use of the cash basis of accounting.

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## **REPORTING THE CITY'S FINANCIAL ACTIVITIES**

### ***Government-wide Financial Statements***

One of the most important questions asked about the off or worse off as a result of the year's activities reports information which helps answer this question.

City's finances is, "Is the City as a whole better off?" The Statement of Activities and Net Assets

The Statement of Activities and Net Assets presents decreases in the City's net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

the City's net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities and Net Assets is divided into two kinds of activities:

- Governmental Activities include public safety, public works, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax and state and federal grants finance most of these activities.
- Business Type Activities include the water works, sanitary sewer and storm sewer systems. These activities are financed primarily by user charges.

### ***Fund Financial Statements***

The City has two kinds of funds:

- Governmental funds account for most of the City's basic services. These focus on how money flows into and out of those funds, and the balance sheet at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Fund, 3) the Debt Service Fund, 4) the Capital Projects Fund, and 5) the Permanent Fund. The governmental fund financial statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources than are needed in the near future to finance the City's programs.

The required financial statements for governmental funds include a statement of cash receipts, disbursements and changes in cash balance.



- Proprietary funds account for the City's Enterprise Funds. Enterprise Funds are used to report business type activities. The City maintains three Enterprise Funds to provide separate information for the water, sewer, and storm sewer funds, considered to be major funds of the City.

The required financial statements for proprietary funds include a statement of cash receipts, disbursements and changes in cash balances.

Reconciliations between the government-wide statement and the fund financial statements follow the fund financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

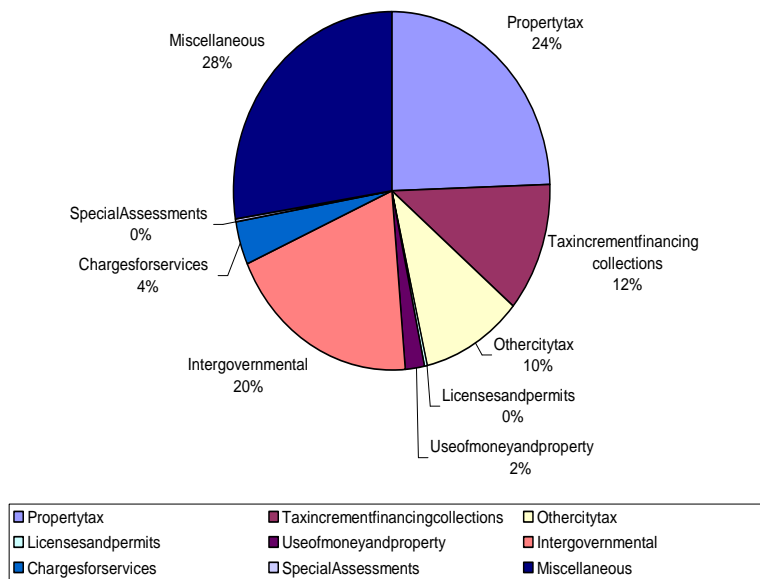
Net assets may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities as of June 30, 2004 is \$4.4 million.

### Changes in Cash Basis Net Asset of Governmental Activities

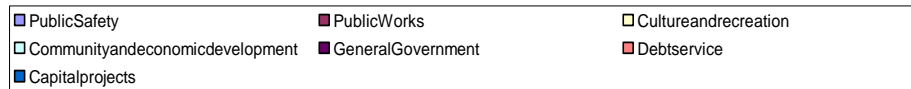
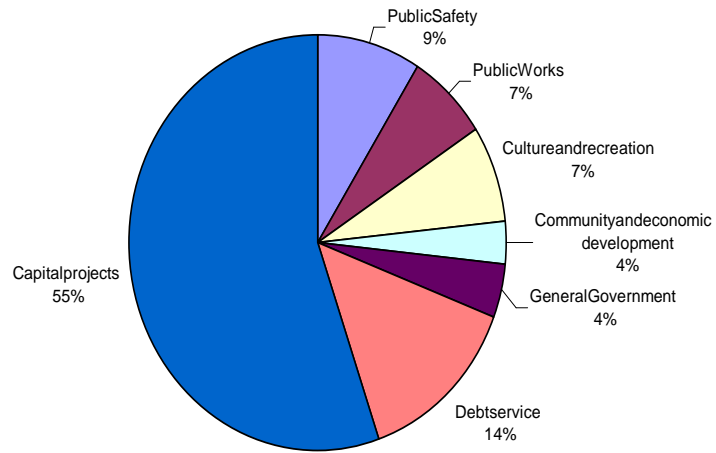
	<b><u>Year Ended June 30, 2004</u></b>
Receipts:	
Property tax	\$ 940,696
Tax increment financing collections	454,698
Other city tax	395,753
Licenses and permits	7,661
Use of money and property	75,190
Intergovernmental	764,761
Charges for services	145,985
Special assessments	8,360
Miscellaneous	<u>1,065,431</u>
Total receipts	3,858,535
Disbursements:	
Operating:	
Public safety	528,379
Public works	404,352
Culture and recreation	444,179
Community and economic development	207,741
General government	236,734
Debt service	827,284
Capital projects	<u>3,276,852</u>
Total disbursements	5,925,521
Excess (deficiency) of receipts over (under) disbursements	(2,066,986)

	<b><u>Year Ended June 30, 2004</u></b>
Other Financing Sources (Uses):	
Bond proceeds	18,000
Debt payments received	24,407
Operation transfers in	4,803,905
Sale of capital assets	19,465
Operating transfers out	<u>(4,803,905)</u>
Net other financing sources (uses)	<u>61,872</u>
<b>Net change in cash basis net assets</b>	<b>(2,005,114)</b>
<b>Cash basis net assets, beginning</b>	<b><u>6,424,071</u></b>
<b>Cash basis net assets, ending</b>	<b><u>\$ 4,418,957</u></b>

**Receipts by Source**



DisbursementsbyFunction



The City's total receipts for governmental activities were \$3,920,407, which included bond proceeds, debt payments and sale of capital assets.

The City increased property tax rates for 2004 by a City's property tax receipts by approximately \$38,000 in 2004. The total assessed valuations have increased for 2005 and the rollback for 2005 has decreased by 5.7%.

The cost of all governmental activities this year was \$5.9 million. However, \$3.2 million of this cost was for capital projects, which were paid for with bond proceeds carried over from the previous fiscal year.

## Changes in Cash Basis Net Asset of Business Type Activities

	Year Ended June 30, 2004
Operating Receipts:	
Charges for services:	
Water	\$ 500,961
Sewer	500,061

	<b><u>Year Ended June 30, 2004</u></b>
Nonoperating Receipts (Disbursements):	
Interest on investments	16,932
Miscellaneous	<u>129,491</u>
Total receipts	1,147,445
Disbursements:	
Water	404,342
Sewer	392,066
Debt service	<u>279,875</u>
Total disbursements	1,076,283
<b>Increase in cash basis net assets</b>	71,162
<b>Cash basis net assets beginning of year</b>	<u>1,118,249</u>
<b>Cash basis net assets end of year</b>	<u><u>\$ 1,189,411</u></u>

Total business type activities receipts for the fiscal year were \$1,147,445. The cash balance increased by approximately \$71,162 from the prior year. Total disbursements for the fiscal year were \$1,076,283.

## **INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS**

As the City of Anamosa completed the year, its governmental funds reported a combined fund balance of \$4.4 million, a decrease of more than \$2 million below last year's total of \$6.4 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

- The General Fund cash balance saw a decrease of \$1.6 million from the prior year to \$1.8 million. This is all due to the transfer of \$1.6 million of bond proceeds for projects that were initially placed in the general fund until the project accounts were set up in January 2004 and at that time the funds were transferred to the project accounts.
- The Road Use Tax Fund cash balance decreased by \$1.5 million to \$472,888 during the fiscal year. This decrease was all due to the \$1.5 million bond issue that helped fund the street and infrastructure improvements in 2002 Streetscape project. The bond proceeds were transferred to the project account in January 2004.
- The combined Urban Renewal Tax Increment Funds cash balances totaled \$167,266, a decrease of \$26,106 from the previous year. The decrease was the result of a repayment to the general fund from Tax Increment Funds for a project completed earlier within the TIF area.
- The Debt Service Fund cash balance increased to \$116,401.

## INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

- The Water Fund cash balance increased by \$20,923 to \$584,207.
- The Sewer Fund cash balance increased by \$33,994 to \$466,719.

## BUDGETARY HIGHLIGHTS

Over the course of the year, the City amended its b  
May 10, 2004 and resulted in an increase in disburs  
Services, Debt Service and Capital Projects. The m  
cover the disbursements under the Housing Rehabilit  
monies received for that program. The other portio  
police cars and truck for the public works departme

udget once. The amendment was approved on  
 ements to all program except Health & Social  
 ajority of the increase in disbursements was to  
 ation program, which was funded with the grant  
 n of the increase was due to the purchase of  
 nt.

## DEBTADMINISTRATION

### OutstandingDebtatYear-End

	<b><u>Year Ended June 30, 2004</u></b>
General obligation bonds	\$ 3,820,000
General obligation notes	18,000
Urban renewal tax increment financing revenue bonds	544,916
RUT revenue bonds	1,515,000
Water revenue bonds	875,000
Sewer revenue bonds	<u>1,615,000</u>
<b>Total</b>	<b>\$ 8,387,916</b>

The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt of \$3,820,000 along with the TIF debt of \$544,916 is significantly below its constitutional debt limit of approximately \$6.4 million.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City of Anamosa's selected and appointed officials and citizens considered many factors when setting the fiscal year 2005 budget, tax rates, and fees that will be charged for various City activities. Unemployment in Jones County averaged 5.8 percent in 2004. This compares with the State's unemployment rate of 5.1 percent in January 2004.

The housing market is strong in Anamosa. During a lendar year 2003, 10 houses were built, which included three 4-plex's. In the first six months of 2004, there were 8 houses built, all single family residences.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Roy Ridener, City Administrator, 107 South Street, Anamosa, Iowa.

## **BASICFINANCIALSTATEMENTS**

# CITY OF ANAMOSA

## Statement of Activities and Net Assets - Cash Basis

As of and for the year ended June 30, 2004

	<u>Disbursements</u>	<u>Charges for Services</u>	<u>Program Receipts</u>	
			<u>Operating Grants, Contributions, and Restricted Interest</u>	<u>Capital Grants, Contributions and Restricted Interest</u>
<b>FUNCTIONS/PROGRAMS:</b>				
Governmental activities:				
Public safety	\$ 528,379	\$ 14,780	\$ 18,424	\$ -
Public works	404,352	23,866	457,592	-
Health and social services	-	-	-	-
Culture and recreation	444,179	170,631	51,546	518
Community and economic development	207,741	6,016	-	121,549
General government	236,734	34,436	-	-
Debt service	827,284	-	-	-
Capital projects	<u>3,276,852</u>	<u>-</u>	<u>-</u>	<u>1,028,029</u>
Total governmental activities	<u>5,925,521</u>	<u>249,729</u>	<u>527,562</u>	<u>1,150,096</u>
Business-type activities:				
Water	515,292	543,355	9,105	-
Sewer	<u>560,991</u>	<u>587,158</u>	<u>7,827</u>	<u>-</u>
Total business-type activities	<u>1,076,283</u>	<u>1,130,513</u>	<u>16,932</u>	<u>-</u>
Total	<u>7,001,804</u>	<u>1,380,242</u>	<u>544,494</u>	<u>1,150,096</u>
<b>GENERAL RECEIPTS:</b>				
Property taxes levied for:				
General purposes				
Employee benefits				
Tax increment financing				
Debt service				
Other city tax				
Local option sales tax				
Grants and contributions not restricted to specific purposes				
Unrestricted interest on investments				
Special assessments				



**Net(Disbursements)Receiptsand  
ChangeinCashBasisNetAssets**

---

<b><u>Governmental Activities</u></b>	<b><u>Business Type Activities</u></b>	<b><u>Total</u></b>
\$ (495,175)	\$ -	\$ (495,175)
77,106	-	77,106
-	-	-
(221,484)	-	(221,484)
(80,176)	-	(80,176)
(202,298)	-	(202,298)
(827,284)	-	(827,284)
<u>(2,248,823 )</u>	<u>-</u>	<u>(2,248,823 )</u>
<u>(3,998,134 )</u>	<u>-</u>	<u>(3,998,134 )</u>
-	37,168	37,168
<u>-</u>	<u>33,994</u>	<u>33,994</u>
-	71,162	71,162
<u>(3,998,134 )</u>	<u>71,162</u>	<u>(3,926,972 )</u>

493,631	-	493,631
196,768	-	196,768
454,698	-	454,698
250,298	-	250,298
78,724	-	78,724
317,029	-	317,029
90,694	-	90,694
40,542	-	40,542
8,360	-	8,360

(continued)

**CITY OF ANAMOSA**

**Statement of Activities and Net Assets - Cash Basis**

**As of and for the year ended June 30, 2004**

		<u>Program Receipts</u>	
		<u>Operating</u>	<u>Capital</u>
		<u>Grants,</u>	<u>Grants,</u>
		<u>Contributions,</u>	<u>Contributions</u>
		<u>and Restricted</u>	<u>and Restricted</u>
		<u>Interest</u>	<u>Interest</u>
	<u>Disbursements</u>	<u>Charges for</u>	
		<u>Services</u>	
Bond proceeds			
Debt proceeds received			
Sale of capital assets			
Miscellaneous			
Total general receipts			
<b>CHANGE IN CASH BASIS NET</b>			
<b>CASH BASIS NET ASSETS, BEGINNING</b>			
<b>CASH BASIS NET ASSETS, ENDING</b>			
<b>CASH BASIS NET ASSETS:</b>			
Restricted:			
Streets			
Urban renewal purposes			
Debt service			
Other purposes			
Unrestricted			
<b>TOTAL CASH BASIS NET ASSETS</b>			

**Net (Disbursements) Receipts and  
Change in Cash Basis Net Assets**

---

<b>Governmental Activities</b>	<b>Business Type Activities</b>	<b>Total</b>
18,000	-	18,000
24,407	-	24,407
19,465	-	19,465
<u>1,554</u>	<u>-</u>	<u>1,554</u>
<u>1,994,170</u>	<u>-</u>	<u>1,994,170</u>
(2,003,964)	71,162	(1,932,802)
<u>6,495,729</u>	<u>1,118,249</u>	<u>7,613,978</u>
<u>\$ 4,491,765</u>	<u>\$ 1,189,411</u>	<u>\$ 5,681,176</u>
\$ 472,888	\$ -	\$ 472,888
167,266	-	167,266
116,401	-	116,401
1,835,678	721,247	2,556,925
<u>1,899,532</u>	<u>468,164</u>	<u>2,367,696</u>
<u>\$ 4,491,765</u>	<u>\$ 1,189,411</u>	<u>\$ 5,681,176</u>

These financial statements should be read only in connection  
with the accompanying notes to the financial statements.

# CITY OF ANAMOSA

## Statement of Cash Receipts, Disbursements and Changes in Cash Balances - Governmental Funds

As of and for the year ended June 30, 2004

		<u>Special Revenue</u>			
	<u>General</u>	<u>Road Use Tax</u>	<u>Local Option Sales Tax</u>	<u>Tax Increment Financing</u>	<u>Library Campaign</u>
<b>RECEIPTS:</b>					
Property tax	\$ 493,630	\$ -	\$ -	\$ -	\$ -
Tax increment financing collections	-	-	-	454,698	-
Other city tax	54,484	-	317,029	-	-
Licenses and permits	7,661	-	-	-	-
Use of money and property	61,424	-	4,194	2,773	1,473
Intergovernmental	200,676	457,582	-	-	-
Charges for services	145,985	-	-	-	-
Special assessments	-	-	-	-	-
Miscellaneous	<u>148,790</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>898,488</u>
Total receipts	<u>1,112,650</u>	<u>457,582</u>	<u>321,223</u>	<u>457,471</u>	<u>899,961</u>
<b>DISBURSEMENTS:</b>					
Operating:					
Public safety	528,379	-	-	-	-
Public works	168,975	224,010	11,367	-	-
Culture and recreation	443,329	-	-	-	-
Community and economic development	148,257	-	-	59,484	-
General government	199,586	37,148	-	-	-
Debt service	-	149,918	-	424,093	-
Capital projects	<u>3,243</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total disbursements	<u>1,491,769</u>	<u>411,076</u>	<u>11,367</u>	<u>483,577</u>	<u>-</u>
Excess (deficiency) of receipt over (under) disbursements	<u>(379,119 )</u>	<u>46,506</u>	<u>309,856</u>	<u>(26,106 )</u>	<u>899,961</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Bond proceeds	18,000	-	-	-	-
Debt payments received	24,407	-	-	-	-
Operating transfers in	415,185	149,918	-	-	-
Sale of capital assets	19,465	-	-	-	-
Operating transfers out	<u>(1,698,629 )</u>	<u>(1,715,079 )</u>	<u>(251,000 )</u>	<u>-</u>	<u>(923,690 )</u>
Net other financing sources (uses)	<u>(1,221,572 )</u>	<u>(1,565,161 )</u>	<u>(251,000 )</u>	<u>-</u>	<u>(923,690 )</u>

<u>Debt Service</u>	<u>Capital Projects</u>				<u>Other Nonmajor Governmental Funds</u>		<u>Totals</u>
	<u>Chamber Drive</u>	<u>Street- scapes</u>	<u>Library</u>				
\$ 250,298	\$ -	\$ -	\$ -	\$ 196,768	\$ 94		0,696
-	-	-	-	-	454,698		
13,897	-	-	-	10,343	395,753		
-	-	-	-	-	7,661		
1,350	1,190	951	310		1,525	75,190	
-	-	106,503	-	-	764,761		
-	-	-	-	-	145,985		
-	-	-	-	8,360	8,360		
-	-	-	18,153		1,150		1,066,581
<u>265,545</u>	<u>1,190</u>	<u>951</u>	<u>124,966</u>	<u>218,146</u>			<u>3,859,685</u>
-	-	-	-	-	528,379		
-	-	-	-	-	404,352		
-	-	-	-	850	444,179		
-	-	-	-	-	207,741		
-	-	-	-	-	236,734		
253,273	-	-	-	-	827,284		
-	29,961	1,684,085	1,278,005		281,558		3,276,852
<u>253,273</u>	<u>29,961</u>	<u>1,684,085</u>	<u>1,278,005</u>	<u>282,408</u>			<u>5,925,521</u>
<u>12,272</u>	<u>(28,771 )</u>	<u>(1,683,134 )</u>	<u>(1,153,039 )</u>	<u>(64,262 )</u>			<u>(2,065,836 )</u>
-	-	-	-	-	18,000		
-	-	-	-	-	24,407		
-	480,690	2,030,547	1,227,247	500,318	4,	803,905	
-	-	-	-	-	19,465		
-	-	-	-		(215,507 )		(4,803,905 )
<u>-</u>	<u>480,690</u>	<u>2,030,547</u>	<u>1,227,247</u>	<u>284,811</u>			<u>61,872</u>

(continued)

# CITY OF ANAMOSA

## Statement of Cash Receipts, Disbursements and Changes in Cash Balances - Governmental Funds

As of and for the year ended June 30, 2004

	<u>Special Revenue</u>				
	<u>General</u>	<u>Road Use Tax</u>	<u>Local Option Sales Tax</u>	<u>Tax Increment Financing</u>	<u>Library Campaign</u>
NET CHANGE IN CASH BALANCE	(1,600,691)	(1,518,655)	58,856	(26,106)	(23,729)
CASH BALANCE, BEGINNING	<u>3,427,415</u>	<u>1,991,543</u>	<u>412,782</u>	<u>193,372</u>	<u>250,759</u>
CASH BALANCE, ENDING	<u>\$1,826,724</u>	<u>\$ 472,888</u>	<u>\$ 471,638</u>	<u>\$ 167,266</u>	<u>\$ 227,030</u>
<b>CASH BASIS FUND BALANCE :</b>					
Reserved:					
Debt service	\$ -	\$ -	\$ -		\$ -
Unreserved:					
General	1,826,724	-	-	-	-
Special revenue funds	-	472,888	471,638	167,266	227,030
Capital project funds	-	-	-	-	-
Permanent	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total cash basis fund balance	<u>\$1,826,724</u>	<u>\$ 472,888</u>	<u>\$ 471,638</u>	<u>\$ 167,266</u>	<u>\$ 227,030</u>

<u>Debt Service</u>	<u>Capital Projects</u>			<u>Other Nonmajor Governmental Funds</u>		<u>Total</u>
	<u>Chamber Drive</u>	<u>Street- scapes</u>	<u>Library</u>			
12,272	451,919	347,413	74,208	220,549	(2,003,	964)
<u>104,129</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>115,729</u>		<u>6,495,729</u>
<u>\$ 116,401</u>	<u>\$ 451,919</u>	<u>\$ 347,413</u>	<u>\$ 74,208</u>	<u>\$ 336,278</u>		<u>\$4,491,765</u>
\$ 116,401	\$ -	\$ -	\$ -	\$ -	\$ 116	,401
-	-	-	-	-	1,826,724	
-	-	-	-	43,749	1,382,571	
-	451,919	347,413	74,208	219,721	1,093,2	61
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,808</u>		<u>72,808</u>
<u>\$ 116,401</u>	<u>\$ 451,919</u>	<u>\$ 347,413</u>	<u>\$ 74,208</u>	<u>\$ 336,278</u>		<u>\$4,491,765</u>

These financial statements should be read only in connection with the accompanying notes to the financial statements.

## CITY OF ANAMOSA

Statement of Cash Receipts, Disbursements, and  
Changes in Cash Balances-Proprietary Funds

As of and for the year ended June 30, 2004

	<u>Water</u>	<u>Sewer</u>	<u>Nonmajor Enterprise Fund</u>	<u>Total</u>
<b>OPERATING RECEIPTS :</b>				
Charges for services	\$ 500,961	\$ 500,061	\$ -	\$ 1,001,022
Miscellaneous	<u>19,769</u>	<u>87,097</u>	<u>22,625</u>	<u>129,491</u>
Total operating receipts	<u>520,730</u>	<u>587,158</u>	<u>22,625</u>	<u>1,130,513</u>
<b>OPERATING DISBURSEMENTS :</b>				
Business type activities:				
Water	396,254	-	8,088	404,342
Sewer	<u>-</u>	<u>392,066</u>	<u>-</u>	<u>392,066</u>
Total operating disbursements	<u>396,254</u>	<u>392,066</u>	<u>8,088</u>	<u>796,408</u>
Excess of operating receipts over operating disbursements	<u>124,476</u>	<u>195,092</u>	<u>14,537</u>	<u>334,105</u>
<b>NONOPERATING RECEIPTS (DISBURSEMENTS) :</b>				
Interest on investments	7,397	7,827	1,708	16,932
Debt service	<u>(110,950)</u>	<u>(168,925)</u>	<u>-</u>	<u>(279,875)</u>
Net nonoperating receipts (disbursements)	<u>(103,553)</u>	<u>(161,098)</u>	<u>1,708</u>	<u>(262,943)</u>
<b>NET CHANGE IN CASH BALANCE</b>	20,923	33,994	16,245	71,162
<b>CASH BALANCE, BEGINNING</b>	<u>563,284</u>	<u>432,725</u>	<u>122,240</u>	<u>1,118,249</u>
<b>CASH BALANCE, ENDING</b>	<u>\$ 584,207</u>	<u>\$ 466,719</u>	<u>\$ 138,485</u>	<u>\$ 1,189,411</u>
<b>CASH BASIS FUND BALANCE :</b>				
Reserved for other purposes	\$ 177,363	\$ 241,933	\$ 138,485	\$ 557,781
Unreserved	<u>406,844</u>	<u>224,786</u>	<u>-</u>	<u>631,630</u>
Total cash basis fund balance	<u>\$ 584,207</u>	<u>\$ 466,719</u>	<u>\$ 138,485</u>	<u>\$ 1,189,411</u>

These financial statements should be read only in connection  
with the accompanying notes to the financial statements.



**CITY OF ANAMOSA**  
**Notes to Financial Statements**  
**June 30, 2004**

**(1) Summary of Significant Accounting Policies**

The City of Anamosa is a political subdivision of the State of Iowa located in Jones County. It was first incorporated in 1872 and operates under the Home Rule provision of the Constitution of Iowa. The City operates under the Manager-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens including public safety, public works, culture and recreation, community and economic development, and general government services. The City also provides water and sewer utilities for its citizens.

**A. Reporting Entity**

For financial reporting purposes, the City of Anamosa has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the City.

**Jointly Governed Organizations**

The City also participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Jones County Assessor's Conference Board, Jones County E911 Service Board, and Jones County Landfill Agency.

**B. Basis of Presentation**

**Governmental-wide Financial Statements** - The Statement of Activities and Net Assets reports information on all of the non-fiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

The Statement of Activities and Net Assets presents the City's non-fiduciary net assets. Net assets are reported in two categories:

*Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

**CITY OF ANAMOSA**  
**Notes to Financial Statements**  
**June 30, 2004**

**(1) Summary of Significant Accounting Policies** (continued):

**B. Basis of Presentation** (continued)

Governmental-wide Financial Statements (continued)

*Unrestricted net assets* consist of net assets that do not meet the definition of the preceding category. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

The Statement of Activities and Net Assets demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions, and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements - Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges, and the capital improvement costs that are not paid from other funds.

**Special Revenue:**

The Road Use Tax Fund is used to account for road construction and maintenance.

The Tax Increment Fund is used to account for urban renewal projects financed by tax increment financing.

The Local Option Sales Tax Fund is used to account for the collection and disbursement of local option sales tax.

The Library Campaign Fund is used to account for donations to the library project.

The Debt Service Fund is utilized to account for the payment of interest and principal on the City's general long-term debt.

**CITY OF ANAMOSA**  
**Notes to Financial Statements**  
**June 30, 2004**

(1) **Summary of Significant Accounting Policies** (continued):

B. Basis of Presentation (continued)

Capital Projects:

The Chamber Drive Fund is used to account for the Chamber Drive capital project.

The Streetscapes Fund is used to account for the Main Street Reconstruction capital project.

The Library Fund is used to account for the Library capital project.

The City reports the following major proprietary funds:

The Water Fund accounts for the operation and maintenance of the City's water system.

The Sewer Fund accounts for the operation and maintenance of the City's wastewater treatment and sanitary sewer system.

C. Measurement Focus and Basis of Accounting

The City of Anamosa maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable, or accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with accounting principles generally accepted in the United States of America.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing a refund's principal on going operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

D. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

**CITY OF ANAMOSA**  
**Notes to Financial Statements**  
**June 30, 2004**

**(2) Cash and Pooled Investments**

The City's deposits in banks at June 30, 2004 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drain aged district.

The City's investments are categorized to give an indication of the level of risk assumed by the City at year end. The City's investments are all Category 1, which means the investments are insured or registered or these securities are held by the City or its agent in the City's name.

**(3) Bonds and Notes Payable**

The annual debt service requirements to maturity of general obligation bonds and the general obligation note are as follows:

	<u>General Obligation Bonds and Notes</u>		<u>Special Revenue Bonds and Notes</u>		<u>Revenue Notes</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 198,454	\$ 63,524	\$ 354,769	\$ 189,031	\$ 165,000	\$ 118,443	\$ 718,223	\$ 370,998
2006	193,670	54,841	325,330	179,086	175,000	11,897	694,000	345,824
2007	174,352	45,510	335,482	168,805	180,000	4,660	689,834	318,975
2008	151,185	37,932	285,266	157,204	185,000	7,040	621,451	292,176
2009	126,869	30,552	281,678	146,346	195,000	8,935	603,547	265,833
2010	84,636	24,417	295,341	135,476	205,000	125	584,977	240,018
2011	85,319	20,523	309,657	124,410	215,000	585	609,976	215,518
2012	91,687	16,223	318,291	110,220	220,000	243	629,978	186,686
2013	97,370	12,107	327,607	96,118	235,000	320	659,977	157,545
2014	28,737	7,369	336,240	81,271	250,000	70	614,977	126,110
2015	30,104	6,077	314,873	65,695	145,000	65	489,977	96,437
2016	31,471	4,694	328,506	50,771	155,000	25	514,977	72,590
2017	32,838	3,216	342,516	34,874	165,000	0	540,354	47,000
2018	<u>33,514</u>	<u>1,641</u>	<u>356,485</u>	<u>17,976</u>	<u>-</u>	<u>-</u>	<u>389,999</u>	<u>19,617</u>
	<u>\$1,360,206</u>	<u>\$328,626</u>	<u>\$4,512,041</u>	<u>\$1,557,283</u>	<u>\$2,490,000</u>	<u>\$869,418</u>	<u>\$8,362,247</u>	<u>\$2,755,327</u>

**CITY OF ANAMOSA**  
**Notes to Financial Statements**  
**June 30, 2004**

**(3) Bonds and Notes Payable** (continued)

General obligation refunding notes were issued on November 1, 2002 with an average rate of 3.83% to redeem \$330,000 in 1991 general obligation bonds and \$125,000 in 1994 general obligation notes with average interest rates of 6.17% and 6.57%, respectively, prior to maturity. The City refunded the 1991 and 1994 debt to change its debt service requirements from approximately \$534,000 over the five years 2003 through 2007 to \$617,000 over the sixteen years 2003 through 2018 resulting in an economic gain (difference between the present values of the debt service payments of the old and new debt) of approximately \$18,000.

During 2004, the City entered into a general obligation note payable to buy a police car for \$18,000. The City had a remaining balance on the note as of June 30, 2004 of \$18,000.

Road use tax revenue notes were issued on November 1, 2002 to provide funds for the construction of street and street related improvements in connection with the City's Downtown Streetscape Project. The bonds are repayable solely from road use tax revenues and are callable on June 1, 2012. The resolution providing for the issuance of the road use tax revenue bonds includes the following provisions:

- a) An amount equal to 1/6<sup>th</sup> of the next interest due is to be set aside in a road use tax sinking fund.
- b) A reserve fund is to be established with a required fund balance of \$152,675.
- c) All road use tax revenues remaining after making the required payments into the sinking and reserve funds shall be placed in a surplus fund which may be used to pay for road related improvements and services.

Tax increment financing revenue refinancing notes were issued on November 1, 2002 with an average rate of 3.64% to redeem the following tax increment financing bonds:

<u>Description</u>	<u>Amount</u>	<u>Average Interest Rate</u>
1992 TIF Revenue Bond	\$ 44,762	9.00 %
1997 TIF Revenue Bond	116,248	7.50 %
1998 TIF Revenue Bond	36,000	7.50 %
1999 TIF Revenue Bond	<u>263,350</u>	<u>7.00 %</u>
<b>Total</b>	<b>\$ <u>460,360</u></b>	<b><u>7.36 %</u></b>

The City refunded the TIF debt above to reduce its debt service over the next twelve years by approximately \$35,000 resulting in an economic gain (difference between the present values of the debt service payments of the old and new debt) of approximately \$58,000.

**CITY OF ANAMOSA**  
**Notes to Financial Statements**  
**June 30, 2004**

**(3) Bonds and Notes Payable** (continued)

Tax increment financing general bonds were issued on November 1, 2002 to provide funds to pay costs of the City's Downtown Streetscape Project and other street, water and sanitary improvements and related improvements in the City's urban renewal districts. The bonds are callable on June 1, 2010.

All tax increment financing debt is payable solely from the income and proceeds of the Tax Increment Fund and the taxes to be paid into the fund in accordance with Chapter 403.19 of the Code of Iowa. The proceeds of the urban renewal tax increment financing revenue bonds shall be expended only for purposes which are consistent with the plans of the City's urban renewal area. The bonds are not a general obligation of the City. However, the debt is subject to the constitutional debt limitation of the City.

The resolution providing for the issuance of the water revenue notes includes the following provisions:

- a) The City shall generate net revenues from water operations sufficient to pay the annual installments on the notes.
- b) An amount equal to 1/12<sup>th</sup> of the next principal due and 1/6<sup>th</sup> of the next interest due shall be set aside in a water sinking fund.
- c) A reserve fund is to be established with a required fund balance of \$118,000.
- d) An improvement and extension fund is to be established with a required fund balance of \$50,000.

Sewer revenues refunding notes were issued on October 1, 2002, with an average rate of 4.55% to redeem \$1,640,000 in 1994 sewer revenue notes with an average interest rate of 6.98%. The City refunded the 1994 sewer revenue to change its debt service requirements from approximately \$1,973,000 over the three years 2003 through 2005 to approximately \$2,325,000 over the fifteen years 2003 through 2017, resulting in an economic gain (difference between the present value of the old and new debt) of approximately \$98,000.

The resolution providing for the issuance of these sewer revenue notes includes the following provisions:

- a) The City shall generate net revenues from sewer operations of 125% of the average annual principal and interest payments.
- b) An amount equal to 1/12<sup>th</sup> of the next principal due and 1/6<sup>th</sup> of the next interest due shall be set aside in a sewer sinking fund.
- c) A reserve fund is to be established with a required fund balance of \$173,910.

**CITY OF ANAMOSA**  
**Notes to Financial Statements**  
**June 30, 2004**

**(3) Bonds and Notes Payable** (continued)

d) An improvement and extension fund is to be established with a required fund balance of \$50,000.

As of June 30, 2004, the City was in compliance with the provisions of the debt resolutions listed above.

**(4) Internal Debt**

The City approved two internal loans from the General Fund to the Special Revenue Fund - Tax Increment Financing. Each loan was issued to finance development projects in the City's urban renewal districts. The loans are payable in annual installments of \$25,240, including interest at 9.0% to 9.5% per annum, with final maturity on June 1, 2012. The balance outstanding as of June 30, 2004 was \$94,852.

**(5) Restricted Funds**

During the year ended June 30, 2004, the City received a donation of \$250,000 for the exclusive use of construction of a new library for the City. This amount is included in the fund balance of the Library Campaign Expendable Trust Fund.

**(6) Pension and Retirement Benefits**

The City contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.70% of their annual salary and the City is required to contribute 5.75% of annual covered payroll except for police employees, in which case the contribution requirements are established by state statute. The City's contribution to IPERS for the years ended June 30, 2004, 2003 and 2002 were \$48,114, \$45,656 and \$45,715, respectively, equal to the required contributions for each year.

**(7) Compensated Absences**

City employees accumulate a limited amount of earned but unused vacation and sick leave hours based on the length of employment. Sick leave is not a vested benefit. It is payable when used and may be accumulated to a maximum of 1,440 hours. Vacation is payable when used and is cumulative to a maximum of 240 hours. These accumulations are not recognized as disbursements by the City until used or paid. Their liability has been computed based on pay rates as of June 30, 2004. The City's approximate liability for earned vacation termination payments payable to employees at June 30, 2004 is \$29,313.

**CITY OF ANAMOSA**  
**Notes to Financial Statements**  
**June 30, 2004**

**(8) Risk Management**

The City of Anamosa is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injury to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductible and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**(9) Construction Project Commitments**

The City has entered into contracts totaling \$152,404 to repair flood damage. The contracts are primarily financed by federal awards from the Federal Emergency Management Agency (FEMA). Disbursements through June 30, 2004 totaled \$87,289 resulting in a commitment as of June 30, 2004 of \$15,237.

The City began a major construction project during the year ended June 30, 2004 known as the Downtown Streetscape Project. Contracts for the project total \$1,644,650. The project is financed by road use tax revenue notes and tax incremental financing bonds issued. Disbursements through June 30, 2004 totaled \$1,684,085.

The City began a new library capital project during the year ended June 30, 2004. Contracts for the project totaled \$1,514,540. The project is financed by tax increment financing debt and private donations. Disbursements through June 30, 2004 totaled \$1,278,005 resulting in a remaining commitment of \$236,535.

The City began and completed a construction capital project known as the Stallion Creek Trunk Sewer Project during the year ended June 30, 2004. Contracts for the project totaled \$171,617. Disbursements through June 30, 2004 totaled \$194,866. The project was financed by tax increment financing.

The City began a construction capital project known as Chamber Drive Project during the year ended June 30, 2004. Contracts for the project totaled \$269,343. Disbursements through June 30, 2004 totaled \$29,961 resulting in a remaining commitment of \$239,382. The Project is financed by tax increment financing.



**CITY OF ANAMOSA**  
**Notes to Financial Statements**  
**June 30, 2004**

**(10) Accounting Change**

The Governmental Accounting Standards Board has issued Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*; Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus*; and Statement No. 38, *Certain Financial Statement Note Disclosures*. These statements have been implemented for the fiscal year ended June 30, 2004. The effects are expected to significantly impact the presentation of governmental financial statements in the year of implementation. The revised requirements include using the economic resources measurement focus and full accrual accounting. The City has elected to continue to prepare its financial statements on the basis of cash receipts and disbursements. Also, the revised minimum reporting requirements include Management's Discussion and Analysis to introduce the basic financial statements and to provide an analytical overview of the City's financial activities.

This information is an integral part of the accompanying financial statements.

**REQUIRESUPPLEMENTARYINFORMATION**

# CITY OF ANAMOSA

## Budgetary Comparison Schedule of Receipts, Disbursements, and Changes in Balances - Budget to Actual (Cash Basis) - All Governmental Funds and Proprietary Funds Required Supplementary Information

Year Ended June 30, 2004

	<b>Governmental Funds <u>Actual</u></b>	<b>Proprietary Funds <u>Actual</u></b>	<b><u>Total</u></b>
<b>RECEIPTS:</b>			
Property tax	\$ 940,696	\$ -	\$ 940,696
Tax increment financing	454,698	-	454,698
Other city tax	395,753	-	395,753
Licenses and permits	7,661	-	7,661
Use of money and property	75,190	16,932	92,122
Intergovernmental	764,761	-	764,761
Charges for services	145,985	1,001,022	1,147,007
Special assessments	8,360	-	8,360
Miscellaneous	<u>1,066,581</u>	<u>129,491</u>	<u>1,196,072</u>
Total receipts	<u>3,859,685</u>	<u>1,147,445</u>	<u>5,007,130</u>
<b>DISBURSEMENTS:</b>			
Public safety	528,379	-	528,379
Public works	404,352	-	404,352
Culture and recreation	444,179	-	444,179
Community and economic development	207,741	-	207,741
General government	236,734	-	236,734
Debt service	827,284	-	827,284
Capital projects	3,276,852	-	3,276,852
Business type activities	<u>-</u>	<u>1,076,283</u>	<u>1,076,283</u>
Total disbursements	<u>5,925,521</u>	<u>1,076,283</u>	<u>7,001,804</u>
Excess (deficiency) receipts over (under) disbursements	(2,065,836)	71,162	(1,994,674)
<b>OTHER FINANCING SOURCES</b>	<u>61,872</u>	<u>-</u>	<u>61,872</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(2,003,964)	71,162	(1,932,802)
<b>BALANCES BEGINNING OF YEAR</b>	<u>6,495,729</u>	<u>1,118,249</u>	<u>7,613,978</u>
<b>BALANCES END OF YEAR</b>	<u>\$ 4,491,765</u>	<u>\$ 1,189,411</u>	<u>\$ 5,681,176</u>

<b>Budgeted Amounts</b>		<b>Final to</b>
<b><u>Original</u></b>	<b><u>Final</u></b>	<b><u>Total</u></b>
		<b><u>Variance</u></b>
\$ 931,621	\$ 931,621	\$ 9,075
450,000	450,000	4,698
346,423	346,423	49,330
8,900	11,400	(3,739)
177,350	196,950	(104,828)
719,614	894,614	(129,853)
968,400	968,400	178,607
-	-	8,360
<u>1,658,992</u>	<u>1,755,492</u>	<u>(559,420 )</u>
<u>5,261,300</u>	<u>5,554,900</u>	<u>(547,770 )</u>
500,670	630,670	102,291
434,421	484,421	80,069
499,602	523,602	79,423
11,000	261,000	53,259
242,010	289,510	52,776
832,466	832,466	5,182
6,115,000	6,115,000	2,838,148
<u>1,066,122</u>	<u>1,151,622</u>	<u>75,339</u>
<u>9,701,291</u>	<u>10,288,291</u>	<u>3,286,484</u>
(4,439,991)	(4,733,391)	(2,738,717)
<u>4,515,000</u>	<u>4,716,200</u>	<u>(4,654,328 )</u>
75,009	(17,191)	(1,915,611)
<u>7,532,321</u>	<u>7,532,321</u>	<u>81,658</u>
<u>\$ 7,607,330</u>	<u>\$ 7,515,130</u>	<u>\$ (1,833,953 )</u>

## **CITY OF ANAMOSA**

### **Notes to Required Supplementary Information- Budgetary Reporting**

**Year Ended June 30, 2004**

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except Internal Service Funds and Fiduciary Funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon ten major classes of disbursements known as functions, not by fund or fund type. These ten functional areas are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, business type activities, and non-program. Function disbursements required to be budgeted included disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds, and Proprietary Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budget receipts by \$293,600 and disbursements by \$587,000. The budget amendments are reflected in the final budgeted amounts.

During the year ended June 30, 2004, disbursements did not exceed any of the budget amounts.

## **OTHER SUPPLEMENTARY INFORMATION**

**CITY OF ANAMOSA**

**Statement of Cash Receipts, Disbursements  
and Changes in Cash Balances**

**Nonmajor Governmental Funds**

**As of and for the year ended June 30, 2004**

	<b>Special Revenue</b>			
	<b><u>Employee Benefit</u></b>	<b><u>Library Special Gift</u></b>	<b><u>Cemetery Operations</u></b>	<b><u>Wetlands Project</u></b>
<b>RECEIPTS:</b>				
Property tax	\$ 196,768	\$ -	\$ -	\$ -
Other city tax	10,343	-	-	-
Use of money and property	-	518	-	10
Special assessment	-	-	-	-
Miscellaneous	-	-	-	-
Total receipts	<u>207,111</u>	<u>518</u>	<u>-</u>	<u>10</u>
<b>DISBURSEMENTS:</b>				
Operating:				
Culture and recreation	-	-	8	50
Capital projects	-	-	-	-
Total disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>850</u>
Excess (deficiency) of receipts over (under) disbursements	<u>207,111</u>	<u>518</u>	<u>-</u>	<u>(840)</u>
<b>OTHER FINANCING SOURCES (USES) :</b>				
Bond proceeds	-	-	-	-
Operating transfers in	-	-	-	-
Operating transfers out	<u>(207,111)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net other financing sources (uses)	<u>(207,111)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN CASH BALANCE</b>	-	518	-	(840)
<b>CASH BALANCE, BEGINNING</b>	<u>-</u>	<u>32,200</u>	<u>10,000</u>	<u>1,871</u>
<b>CASH BALANCE, ENDING</b>	<u><u>\$ -</u></u>	<u><u>\$ 32,718</u></u>	<u><u>\$ 10,000</u></u>	<u><u>\$ 1,031</u></u>
<b>CASH BASIS FUND BALANCE :</b>				
Unreserved:				
Special revenue funds	\$ -	\$ 32,718	\$ 10,000	\$ 1,031
Capital project funds	-	-	-	-
Permanent funds	-	-	-	-
Total cash basis fund balance	<u><u>\$ -</u></u>	<u><u>\$ 32,718</u></u>	<u><u>\$ 10,000</u></u>	<u><u>\$ 1,031</u></u>

<u>Debt Service</u>	<u>Capital Projects</u>			<u>Permanent Cemetery</u>	
<u>Special Assessment</u>	<u>130<sup>th</sup> Street Project</u>	<u>J&amp;P Cycles</u>	<u>Perpetual Care</u>		<u>Totals</u>
\$ - \$	- \$	- \$	- \$	196,768	
-	-	-	-	10,343	
36	142	819	-		1,525
8,360	-	-	-	8,360	
-	-	-	-	1,150	1,150
<u>8,396</u>	<u>142</u>	<u>819</u>	<u>1,150</u>		<u>218,146</u>
-	-	-	-	850	
-	86,692	194,866	-	-	281,558
-	86,692	194,866	-	-	282,408
<u>8,396</u>	<u>(86,550 )</u>	<u>(194,047 )</u>	<u>1,150</u>		<u>(64,262 )</u>
-	-	-	-	-	
-	107,916	392,402	-	500,318	
<u>(8,396 )</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(215,507 )</u>
<u>(8,396 )</u>	<u>107,916</u>	<u>392,402</u>	<u>-</u>		<u>284,811</u>
-	21,366	198,355	-	220,549	
-	-	-	-	71,658	115,729
<u>\$ -</u>	<u>\$ 21,366</u>	<u>\$ 198,355</u>	<u>\$ 72,808</u>		<u>\$ 336,278</u>
\$ - \$	- \$	- \$	- \$	43,749	
-	21,366	198,355	-	219,721	
-	-	-	-	72,808	72,808
<u>\$ -</u>	<u>\$ 21,366</u>	<u>\$ 198,355</u>	<u>\$ 72,808</u>		<u>\$ 336,278</u>

See accompanying independent auditor's report.



## CITY OF ANAMOSA

Statement of Cash Receipts, Disbursements  
and Changes in Cash Balances

## Nonmajor Enterprise Fund

As of and for the year ended June 30, 2004

	<b><u>Consumer Deposit</u></b>
<b>OPERATING RECEIPTS :</b>	
Miscellaneous	\$ 22,625
<b>OPERATING DISBURSEMENTS :</b>	
Business type activities:	
Water	<u>8,088</u>
Excess (deficiency) of operating receipts over (under) disbursements	14,537
<b>NONOPERATING RECEIPTS (DISBURSEMENTS) :</b>	
Interest on investments	<u>1,708</u>
<b>NET CHANGE IN CASH BALANCE</b>	16,245
<b>CASH BALANCE, BEGINNING</b>	<u>122,240</u>
<b>CASH BALANCE, ENDING</b>	<u><u>\$ 138,485</u></u>
<b>CASH BASIS FUND BALANCE :</b>	
Reserved:	
Deposits	<u><u>\$ 138,485</u></u>

See accompanying independent auditor's report.

**CITY OF ANAMOSA**  
**Statement of Indebtedness**  
**Year Ended June 30, 2004**

<b><u>Obligation</u></b>	<b><u>Date of Issue</u></b>	<b><u>Interest Rates</u></b>	<b><u>Amount Originally Issued</u></b>
General obligation bonds:			
G.O. bond	September 1, 1996	5.10-5.40%	\$ 185,000
Fawn Creek/Old Dubuque	July 1, 2000	5.20-5.60%	510,000
General obligation notes:			
Street improvement project	June 1, 1998	4.35-5.05%	760,000
Anticipation project	August 1, 2001	4.50%	140,000
Refunding notes-Series 2002A	November 1, 2002	2.00-4.90%	455,000
Police car	September 17, 2003	3.50%	18,000
Total			
Road Use Tax:			
Road Use Tax Revenue Notes	November 1, 2002	2.50 - 5.25%	1,595,000
Tax Increment Financing Bonds:			
2002 G.O. bond	November 1, 2002	2.00-4.90%	2,870,000
TIF revenue-Series B	January 16, 1997	7.50%	5,000
TIF revenue-refinancing	November 1, 2002	2.00-4.60%	475,000
Total			
Revenue:			
Water revenue notes	April 1, 1999	4.40-5.15%	1,180,000
Sewer revenue refunding notes	October 1, 2002	2.75-5.40%	1,785,000
Total			
Total indebtedness			

## Schedule 3

<u>Balance Beginning of Year</u>	<u>Issued During Year</u>	<u>Redeemed During Year</u>	<u>Balance End of Year</u>	<u>Interest Paid</u>	<u>Interest Due and Unpaid</u>
\$ 70,000	\$ -	\$ 20,000	\$ 50,000	\$ 3,715	\$ -
355,000	-	55,000	300,000	19,405	-
560,000	-	45,000	515,000	26,765	-
97,127	-	24,282	72,845	4,371	-
439,933	-	35,572	404,361	17,052	-
-	18,000	-	18,000	444	-
<u>1,522,060</u>	<u>18,000</u>	<u>179,854</u>	<u>1,360,206</u>	<u>71,752</u>	<u>-</u>
<u>1,595,000</u>	<u>-</u>	<u>80,000</u>	<u>1,515,000</u>	<u>69,618</u>	<u>-</u>
2,775,090	-	224,405	2,550,685	107,690	-
55,996	-	9,640	46,356	4,200	-
<u>435,000</u>	<u>-</u>	<u>35,000</u>	<u>400,000</u>	<u>16,198</u>	<u>-</u>
<u>3,266,086</u>	<u>-</u>	<u>269,045</u>	<u>2,997,041</u>	<u>128,088</u>	<u>-</u>
940,000	-	65,000	875,000	45,700	-
<u>1,705,000</u>	<u>-</u>	<u>90,000</u>	<u>1,615,000</u>	<u>78,625</u>	<u>-</u>
<u>2,645,000</u>	<u>-</u>	<u>155,000</u>	<u>2,490,000</u>	<u>124,325</u>	<u>-</u>
<u>\$9,028,146</u>	<u>\$ 18,000</u>	<u>\$ 683,899</u>	<u>\$8,362,247</u>	<u>\$ 393,783</u>	<u>\$ -</u>

See accompanying independent auditor's report.

**CITY OF ANAMOSA**  
**Bond and Note Maturities**

**June 30, 2004**

Year Ending June 30,	<b>1996 GO Bond</b>		<b>2000 GO Bond</b>		<b>General Obligation Debt Street Improvement</b>	
	<b>Issued Sept. 1, 1996</b>		<b>Issued July 1, 2000</b>		<b>Issued June 1, 1998</b>	
	<b>Interest Rates</b>	<b>Amount</b>	<b>Interest Rates</b>	<b>Amount</b>	<b>Interest Rates</b>	<b>Amount</b>
2005	5.30 %	\$ 25,000	5.40 %	\$ 60,000	4.55 %	\$ 50,000
2006	5.40 %	25,000	5.45 %	60,000	4.60 %	50,000
2007	-	-	5.50 %	65,000	4.65 %	50,000
2008	-	-	5.55 %	70,000	4.70 %	55,000
2009	-	-	5.60 %	45,000	4.75 %	55,000
2010	-	-	-	-	4.85 %	60,000
2011	-	-	-	-	4.95 %	60,000
2012	-	-	-	-	5.00 %	65,000
2013	-	-	-	-	5.05 %	70,000
2014	-	-	-	-	-	-
2015	-	-	-	-	-	-
2016	-	-	-	-	-	-
2017	-	-	-	-	-	-
2018	-	-	-	-	-	-
<b>Total</b>		<b>\$ 50,000</b>		<b>\$ 300,000</b>		<b>\$ 515,000</b>

Year Ending June 30,	<b>Road Use Tax Revenue</b>		<b>TIF G.O.</b>		<b>TIF Revenue-Series B</b>	
	<b>Issued Nov. 1, 2002</b>		<b>Issued Nov. 1, 2002</b>		<b>Issued Jan. 16, 1997</b>	
	<b>Interest Rates</b>	<b>Amount</b>	<b>Interest Rates</b>	<b>Amount</b>	<b>Interest Rates</b>	<b>Amount</b>
2005	2.85 %	\$ 85,000	2.60 %	\$ 224,405	7.50 %	\$ 10,364
2006	3.25 %	85,000	2.90 %	194,189	7.50 %	11,141
2007	3.55 %	90,000	3.20 %	198,506	7.50 %	11,976
2008	3.85 %	90,000	3.50 %	142,391	7.50 %	12,875
2009	4.05 %	95,000	3.75 %	146,678	-	-
2010	4.25 %	100,000	4.00 %	155,341	-	-
2011	4.45 %	105,000	4.15 %	159,657	-	-
2012	4.65 %	105,000	4.30 %	168,291	-	-
2013	4.75 %	110,000	4.40 %	172,607	-	-
2014	4.85 %	115,000	4.50 %	181,240	-	-
2015	4.95 %	125,000	4.60 %	189,873	-	-
2016	5.05 %	130,000	4.70 %	198,506	-	-
2017	5.15 %	135,000	4.80 %	207,516	-	-
2018	5.25 %	145,000	4.90 %	211,485	-	-
<b>Total</b>		<b>\$ 1,515,000</b>		<b>\$ 2,550,685</b>		<b>\$ 46,356</b>

<u>AnticipationNote</u>		<u>RefundingNotes</u>		<u>PoliceCar</u>	
<u>IssuedAugust1,2001</u>		<u>IssuedNovember1,2002</u>		<u>IssuedSept.17,2003</u>	
Interest		Interest			
<u>Rates</u>	<u>Amount</u>	<u>Rates</u>	<u>Amount</u>		
4.50 %	\$ 24,282	2.60 %	\$ 35,572	3.50 %	\$ 3,600
4.50 %	24,282	2.90 %	30,788	3.50 %	3,600
4.50 %	24,281	3.20 %	31,471	3.50 %	3,600
-	-	3.50 %	22,585	3.50 %	3,600
-	-	3.75 %	23,269	3.50 %	3,600
-	-	4.00 %	24,636	-	-
-	-	4.15 %	25,319	-	-
-	-	4.30 %	26,687	-	-
-	-	4.40 %	27,370	-	-
-	-	4.50 %	28,737	-	-
-	-	4.60 %	30,104	-	-
-	-	4.70 %	31,471	-	-
-	-	4.80 %	32,838	-	-
-	-	4.90 %	33,514	-	-
<b>Total</b>	<b>\$ <u>72,845</u></b>		<b>\$ <u>404,361</u></b>		<b>\$ <u>18,000</u></b>

<u>RevenueDebt</u>					
<u>TIFRevenue-Refinancing</u>		<u>WaterRevenue</u>		<u>SewerRevenue</u>	
<u>IssuedNovember1,2002</u>		<u>IssuedApril1,1999</u>		<u>IssuedOctober1,2002</u>	
Interest		Interest		Interest	
<u>Rates</u>	<u>Amount</u>	<u>Rates</u>	<u>Amount</u>	<u>Rates</u>	<u>Amount</u>
2.60 %	\$ 35,000	4.60 %	\$ 70,000	3.50 %	\$ 95,000
3.00 %	35,000	4.65 %	75,000	3.75 %	100,000
3.30 %	35,000	4.70 %	75,000	3.90 %	105,000
3.60 %	40,000	4.75 %	80,000	4.10 %	105,000
3.80 %	40,000	4.80 %	85,000	4.30 %	110,000
4.00 %	40,000	4.85 %	90,000	4.50 %	115,000
4.20 %	45,000	4.95 %	95,000	4.70 %	120,000
4.40 %	45,000	5.05 %	95,000	4.90 %	125,000
4.50 %	45,000	5.10 %	100,000	5.00 %	135,000
4.60 %	40,000	5.15 %	110,000	5.10 %	140,000
-	-	-	5.20 %	145,000	
-	-	-	5.30 %	155,000	
-	-	-	5.40 %	165,000	
-	-	-	-	-	-
<b>Total</b>	<b>\$ <u>400,000</u></b>		<b>\$ <u>875,000</u></b>		<b>\$ <u>1,615,000</u></b>

Seeaccompanyingindependentaccountant'sreport.

## CITY OF ANAMOSA

## Comparison of Tax and Intergovernmental Receipts

	<u>Years Ended June 30,</u>			
	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Property tax	\$ <u>940,696</u>	\$ <u>943,803</u>	\$ <u>886,604</u>	\$ <u>914,864</u>
Tax increment financing collections	<u>454,698</u>	<u>391,204</u>	<u>275,779</u>	<u>166,463</u>
Other city tax:				
Mobile home tax	12,768	10,762	9,792	8,465
Utility tax replacement excise tax	47,551	44,547	41,564	59,702
Hotel/motel tax	18,405	17,021	17,820	2,560
Local option tax	<u>317,029</u>	<u>277,578</u>	<u>271,225</u>	<u>265,295</u>
	<u>395,753</u>	<u>349,908</u>	<u>340,401</u>	<u>366,022</u>
Intergovernmental:				
State allocation	-	62,236	62,236	56,752
Bank franchise tax	13,839	15,141	15,141	6,179
Road use tax	457,582	447,284	447,284	437,646
Housing rehabilitation grant	96,549	182,107	43,866	-
Community development grant	25,000	-	-	-
CAT grant	106,503	-	-	-
FEMA grant	-	114,303	-	-
Cable TV franchise	27,851	27,091	23,276	-
County Library support	14,074	14,074	14,074	14,074
Other	<u>23,363</u>	<u>11,077</u>	<u>57,763</u>	<u>377,173</u>
	<u>764,761</u>	<u>873,313</u>	<u>631,299</u>	<u>891,824</u>
<b>Total</b>	<u>\$2,555,908</u>	<u>\$2,558,228</u>	<u>\$2,134,083</u>	<u>\$2,309,293</u>

See accompanying independent auditor's report.

## **Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting**

To the Honorable Mayor and  
Members of the City Council

We have audited the financial statements of the City of Anamosa, Iowa, as of and for the year ended June 30, 2004, and have issued our report thereon and an unqualified opinion on the financial statements and disbursements, which is a comprehensive basis of generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, Chapter 11 of the Code of its contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

of Anamosa, Iowa, as of and for the year ended September 16, 2004. Our report expressed which were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America, Chapter 11 of the Code of its contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Compliance**

As part of obtaining reasonable assurance about whether the City of Anamosa's financial statements are free of material misstatement, we performed tests on regulations, contracts and grants, non-compliance with the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of non-compliance that are described in Part II of the accompanying Schedule of Findings.

ther the City of Anamosa's financial statements are free of material misstatement, we performed tests on regulations, contracts and grants, non-compliance with the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of non-compliance that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters June 30, 2004, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the findings were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretation of the statutes. There were no prior year statutory comments.

s about the City's operations for the year ended June 30, 2004, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the findings were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretation of the statutes. There were no prior year statutory comments.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City of Anamosa's internal control over financial reporting in order to determine our audit opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City of Anamosa's ability to record, process, summarize and report financial data consistent with the assertion of management in the financial statement of the accompanying Schedule of Findings.

the City of Anamosa's internal control over financial reporting in order to determine our audit opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City of Anamosa's ability to record, process, summarize and report financial data consistent with the assertion of management in the financial statement of the accompanying Schedule of Findings.

A material weakness is a condition in which the design of a control component does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe item I-A-2004 is a material weakness. Prior year reportable conditions have been resolved except for item I-A-2004.

ignore operation of one or more of the internal low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe item I-A-2004 is a material weakness. Prior year reportable conditions have been resolved except for item I-A-2004.

This report, a public record by law, is intended solely for the information and use of the Mayor and Council, employees and citizens of the City of Anamosa and those parties to whom the City of Anamosa may report. This report is not intended to be and should not be used by anyone other than the specified parties.

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We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Anamosa during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

ignore operation of one or more of the internal low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe item I-A-2004 is a material weakness. Prior year reportable conditions have been resolved except for item I-A-2004.

*Clifton Gunderson LLP*

Cedar Rapids, Iowa  
September 16, 2004



**CITY OF ANAMOSA**

**Schedule of Findings**

**Year ended June 30, 2004**

**Part I: Findings Related to the Financial Statements**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**REPORTABLE CONDITION:**

I-A-2004 Segregation of duties - One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted that any employee in the office can open mail, list out cash receipts and make bank deposits. Also, the individual responsible for maintaining cash records performs the monthly bank reconciliations.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However, we commend that the City reviews its operating procedures to obtain the maximum internal control possible under the circumstances.

Response - The City will review their present internal control procedures and will consider additional review procedures where practical.

Conclusion - Response accepted. The City should segregate duties to the extent possible with existing personnel and utilize administrative personnel to provide additional control through review of financial transactions and reports.

## CITY OF ANAMOSA

### Schedule of Findings

Year ended June 30, 2004

#### Part II: Findings Related to Statutory Reporting

II-A-2004 Official Depositories - A resolution naming official depositories has been approved by the City. We did note, however, the maximum deposit stated in the resolution was exceeded in July through December 2003.

Recommendation - The City should monitor the deposit balance to ensure the maximum amount is not exceeded. The City may consider adopting a new resolution with a higher maximum amount.

Response - The City will adopt a new depository resolution increasing the maximum amount allowable and will monitor its accounts to ensure this new amount is not exceeded.

Conclusion - Response accepted.

II-B-2004 Certified Budget - Disbursements during the year ended June 30, 2004 did not exceed the amounts budgeted.

II-C-2004 Questionable Disbursements - We noted no disbursements that fail to meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

II-D-2004 Travel Expense - No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

II-E-2004 Business Transactions - We noted the following business transaction between the City and City officials or employees:

Family Foods, Council Member, Herb Spencer \$ 513 .53

As the amount is less than \$1,500, it does not appear to be a conflict of interest as defined by Chapter 362.5 of the Code of Iowa.

II-F-2004 Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should continue to be reviewed annually to ensure that the coverage is adequate for current operations.

II-G-2004 Revenue Notes - As of June 30, 2004, the City was in compliance with the funding and payment provisions of the revenue notes resolutions.

**CITY OF ANAMOSA**

**Schedule of Findings**

**Year ended June 30, 2004**

**Part II: Findings Related to Statutory Reporting (continued)**

II-H-2004 Council Minutes - Not transactions were found that we believe should have been approved in the council minutes but were not.

II-I-2004 Deposits and Investments - We noted that the City had been improperly recording interest on their CD's to the cemetery perpetual care fund instead of the general fund per Chapter 566.16 of the Code of Iowa.

Recommendation - The City should record the interest in accordance with the Code of Iowa.

Response - We will do so in the future.

Conclusion - Response accepted.

II-J-2004 Unclaimed Property Reporting - As of June 30, 2004, the City had not reported unclaimed property in its possession to the Treasurer of the State of Iowa on an annual basis by November 1<sup>st</sup> as required by Chapter 556.11 of the Code of Iowa.

Recommendation - The City should report unclaimed property to the Treasurer of the State of Iowa by November 1<sup>st</sup> of each year.

Response - We will prepare the report in the future.

Conclusion - Response accepted.

**CITYOFANAMOSA**

**AuditStaff**

This audit was performed by:

William E. Murray, CPA, Audit Partner

Andrew J. Johnson, Senior Associate

Jim Fitzpatrick, CPA, Associate

Justin Zimmerman, Associate